INPUT
Conférence du 31 mai 1991

Les Marchés des Logiciels & Services en Europe 1990-1995

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Domaines d'Intervention et d'Analyse d'INPUT

Sylvie Bénech

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INPUT Etudie, Analyse, Conseille

Industrie des Logiciels et Services

Numération, Evaluation des Marchés

Prestations, Segmentation de l'Offre

Utilisateurs, leurs Motivations et Attentes

Tendances d'Evolution, Anticipations

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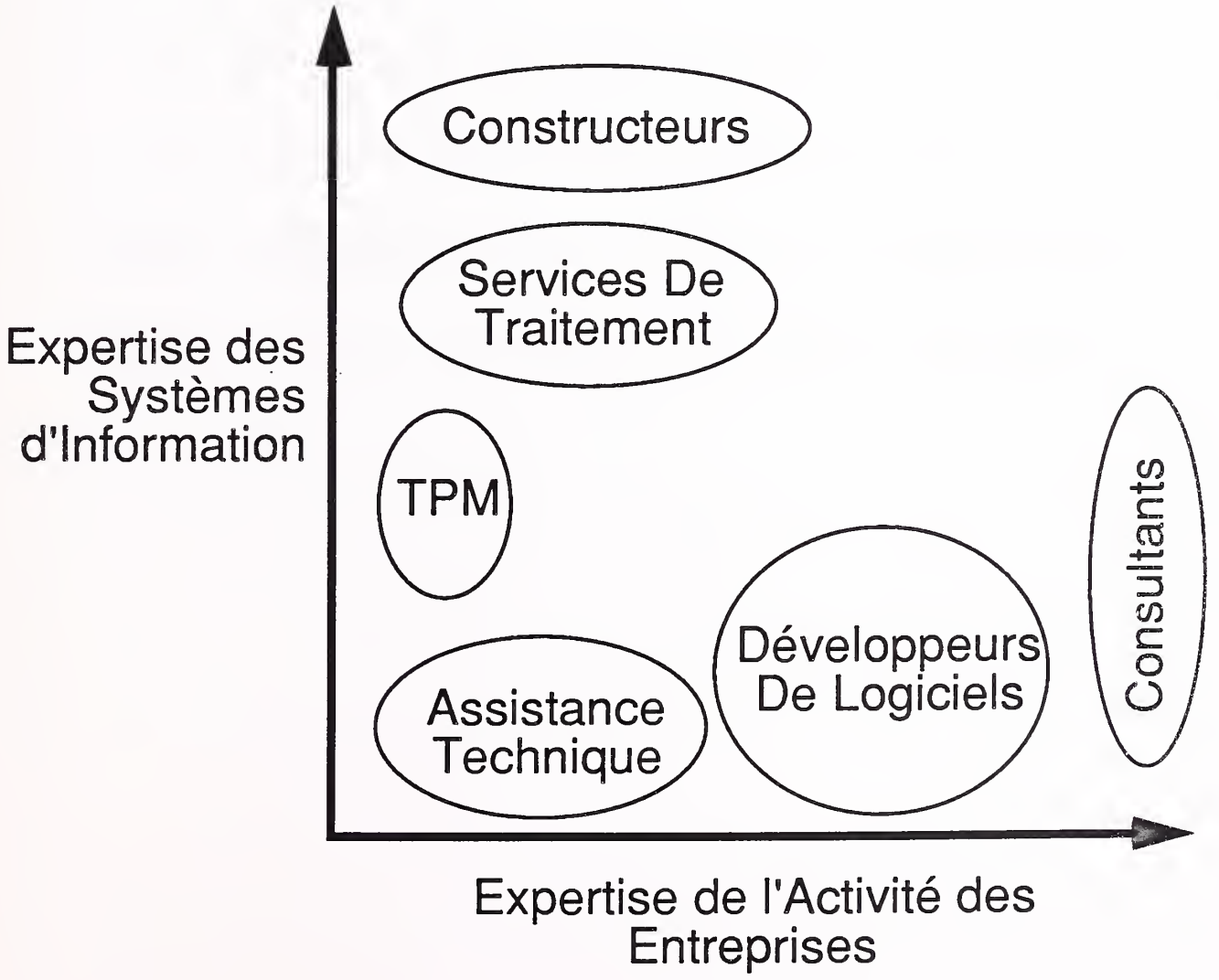
Industrie des Logiciels et Services

Nombreux sont les acteurs . . .



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Numération et Evaluation du Potentiel des Marchés

$ Dépense finale des utilisateurs

$$ Analyse des marchés non-captifs

$$$ Matériels exclus sauf en cas d'intégration

$$$$ Europe—13 pays, USA, Japon, Monde

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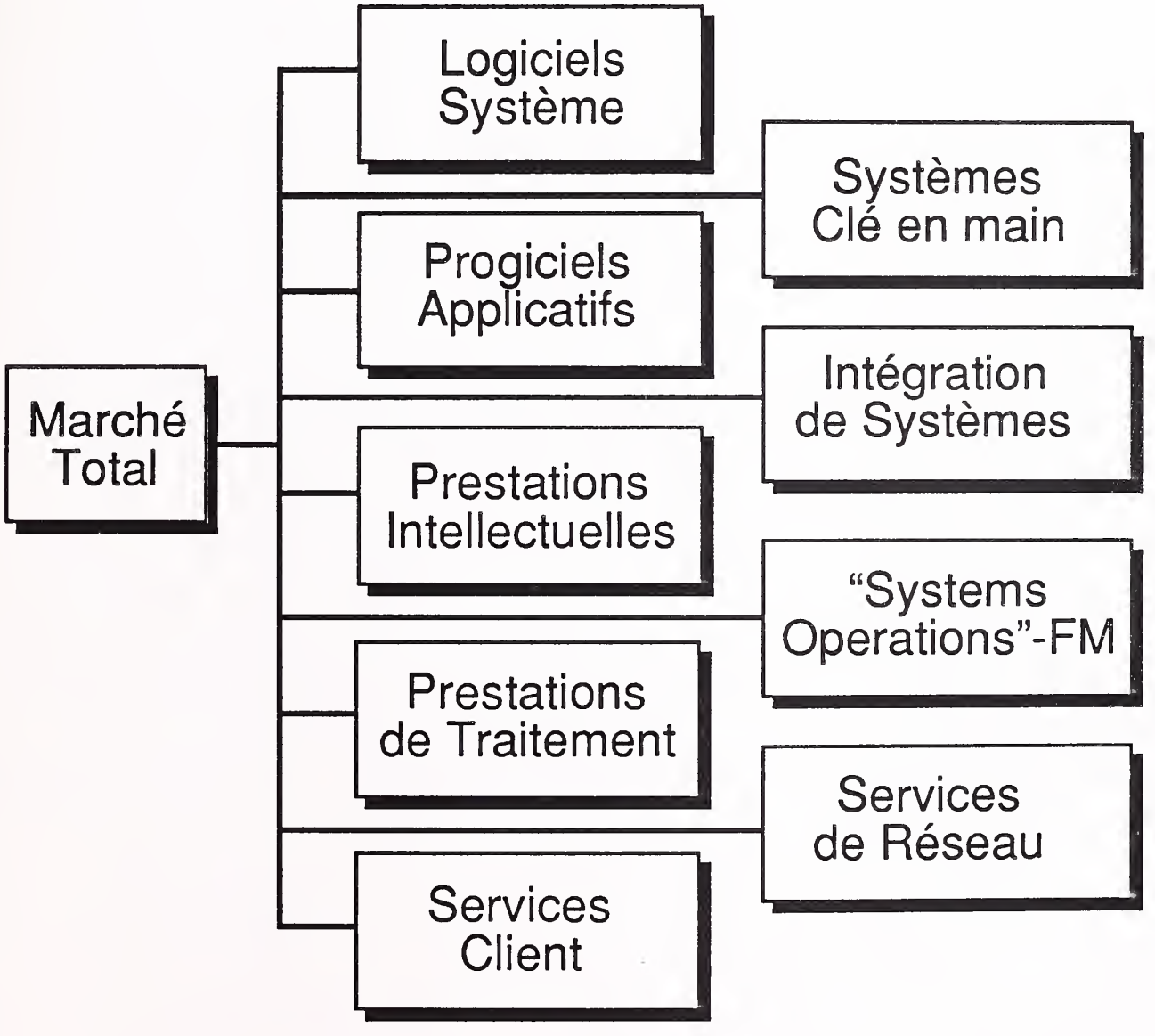
Prestations Offertes et Segmentation des Marchés



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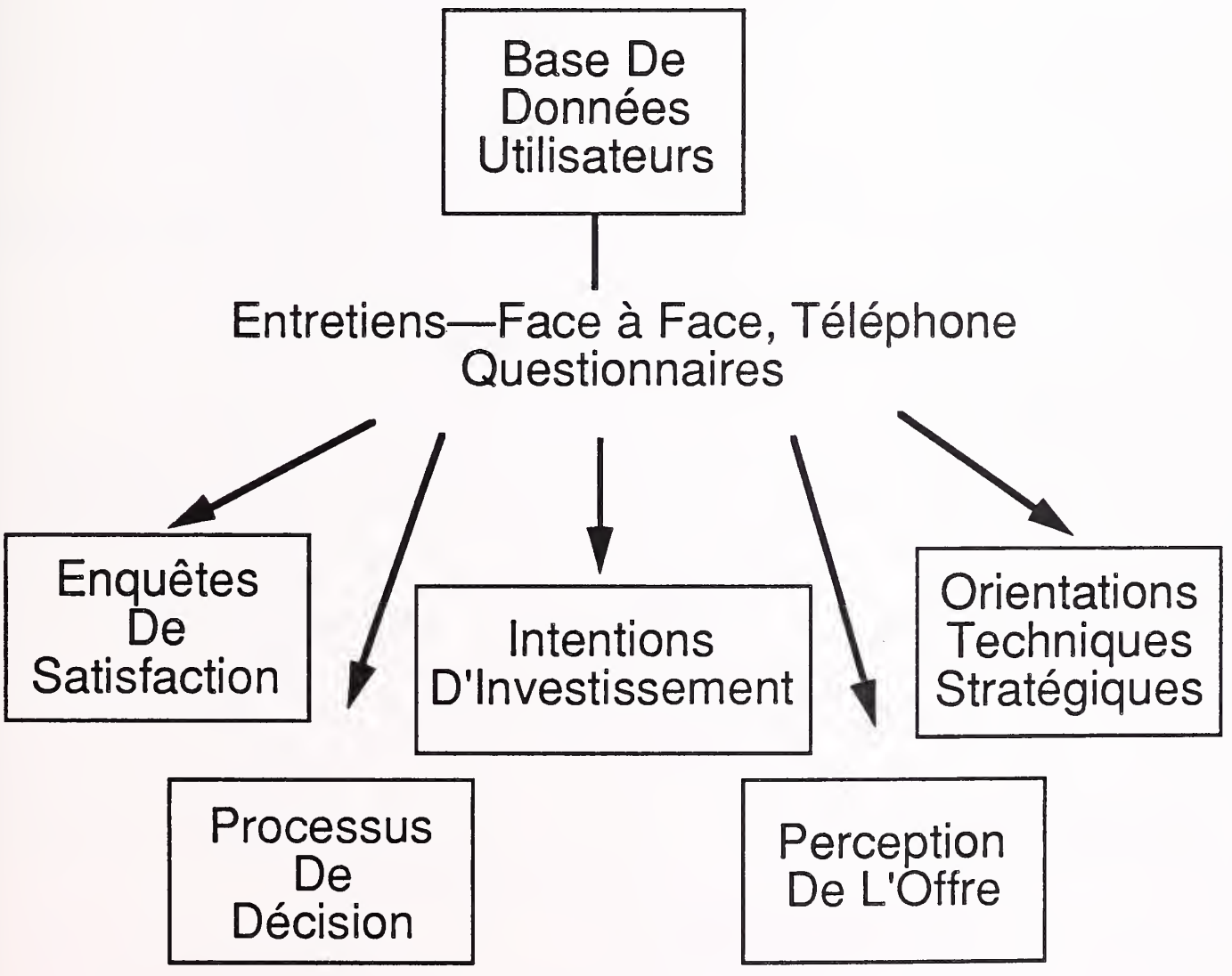
Utilisateurs, Leurs Motivations et Attentes



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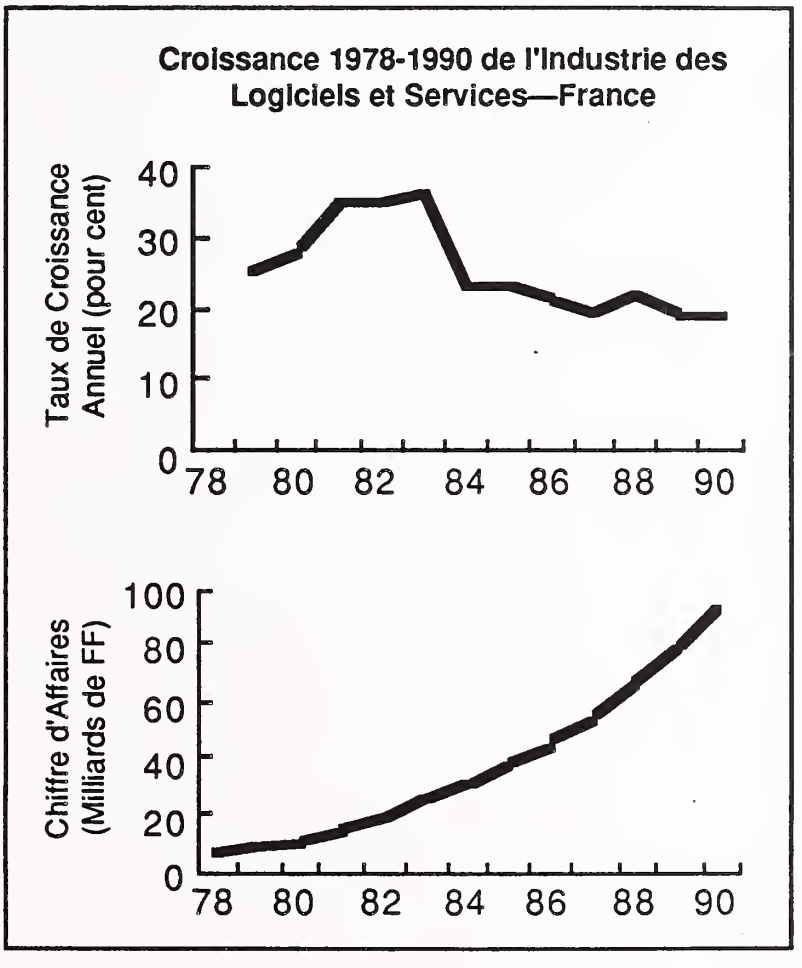
Tendances d'Evolution des Marchés



Rentabilité?

Demande?

Conjoncture?

Open Systems?

Valeur Ajoutée?

Europe?

Outsourcing?

Technologies?

Concurrence?

Acquisitions?

Downsizing?

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Panorama et Tendances des Marchés

Peter Lines
Vice President
European Research

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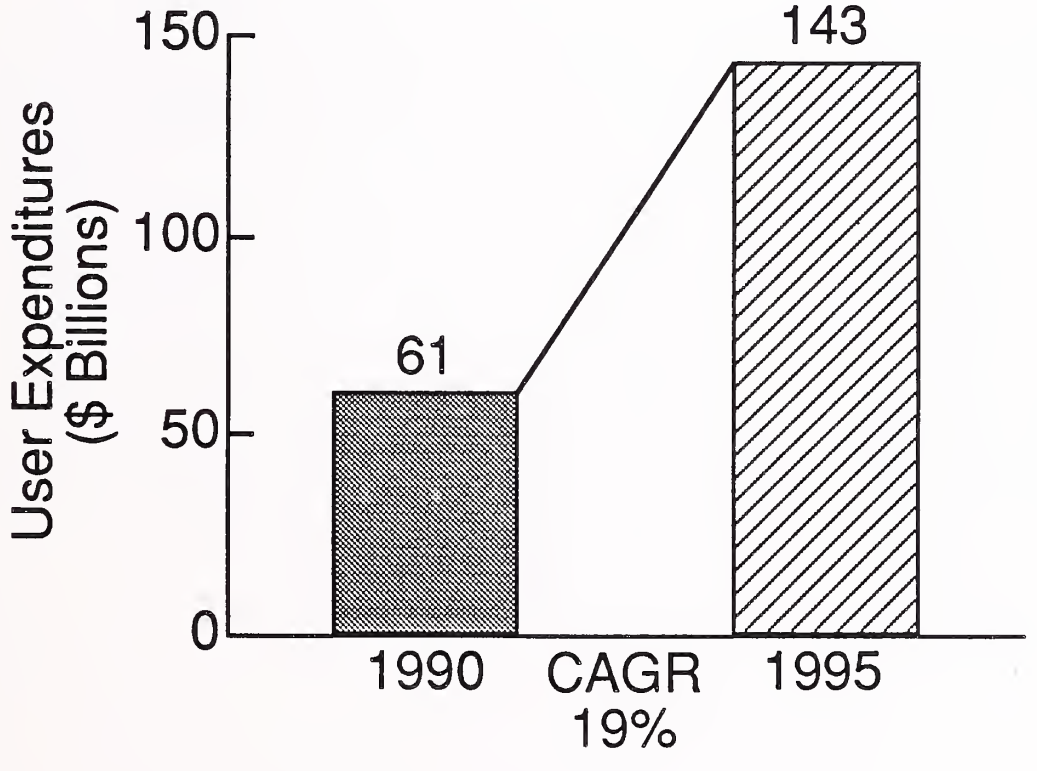
Western Europe, 1990-1995

Software and Services



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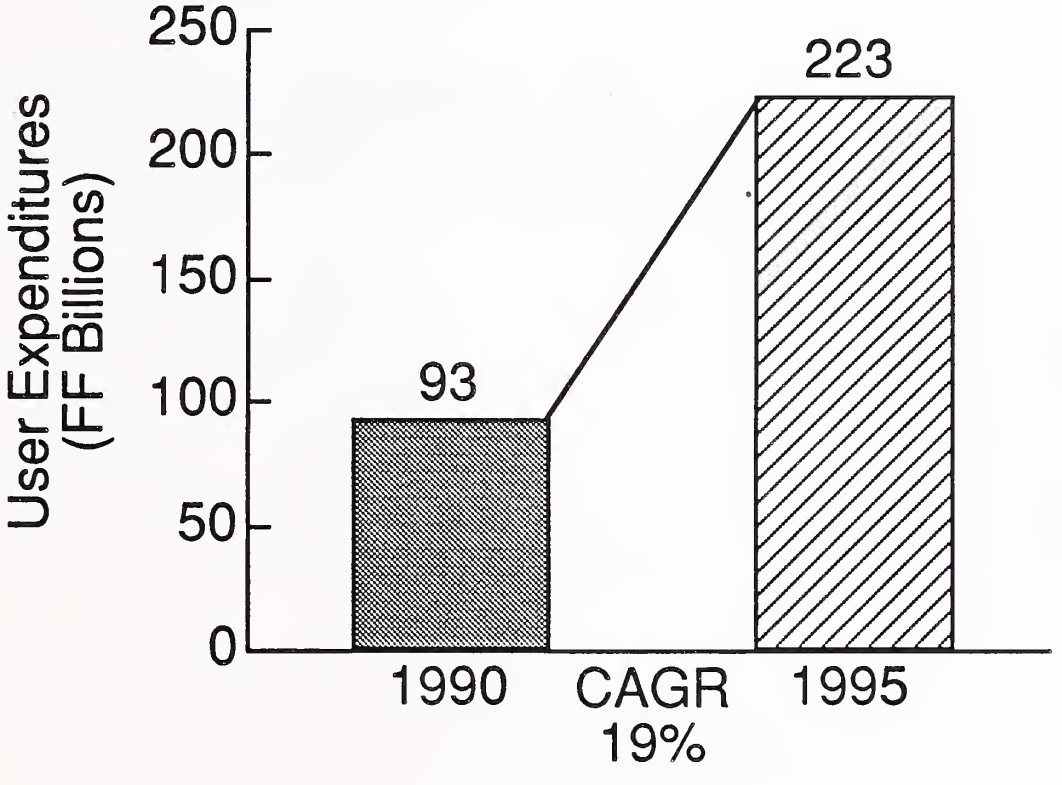
France, 1990-1995

Software and Services



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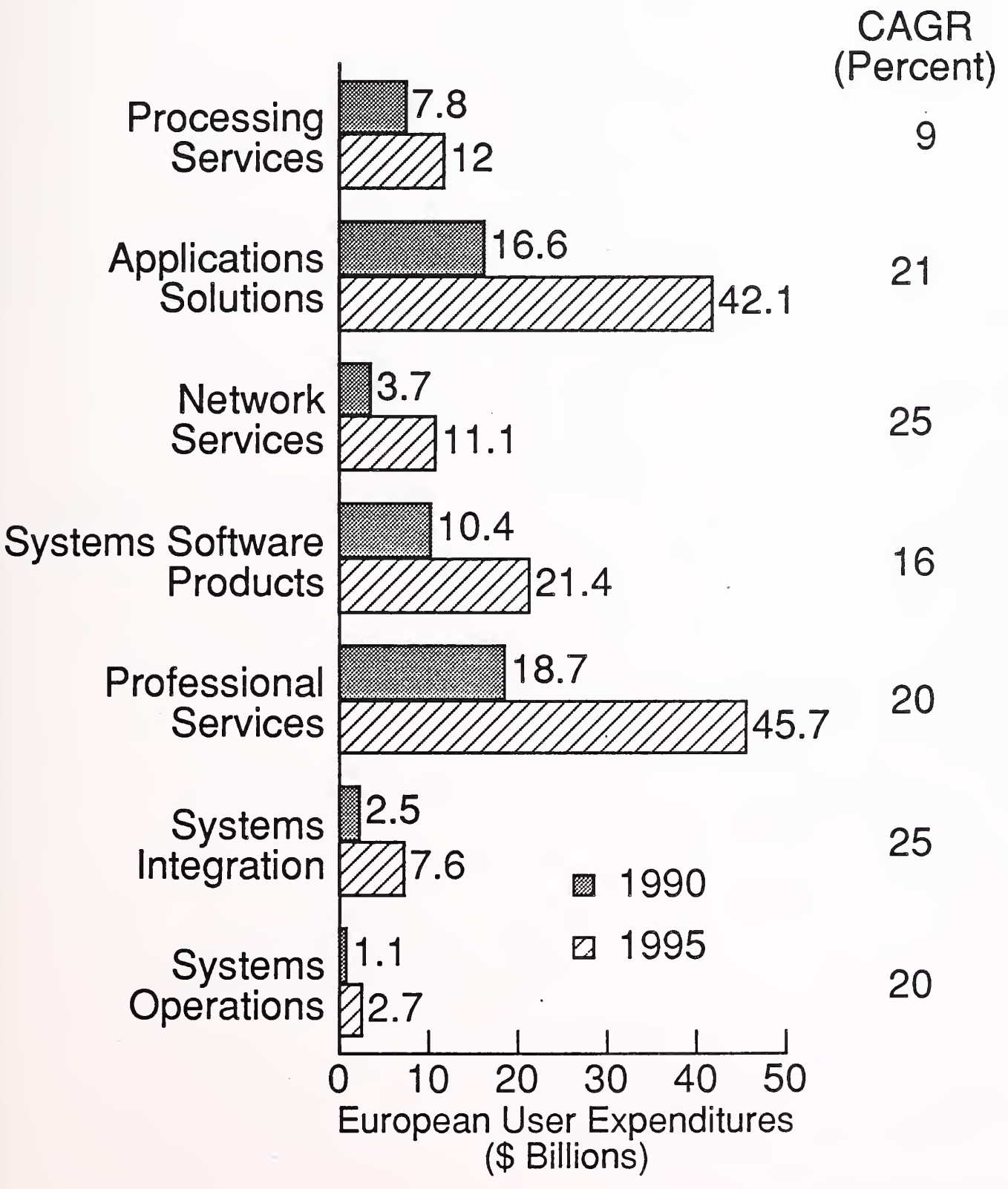
Computer Software and Services Markets by Delivery Mode, 1990-1995



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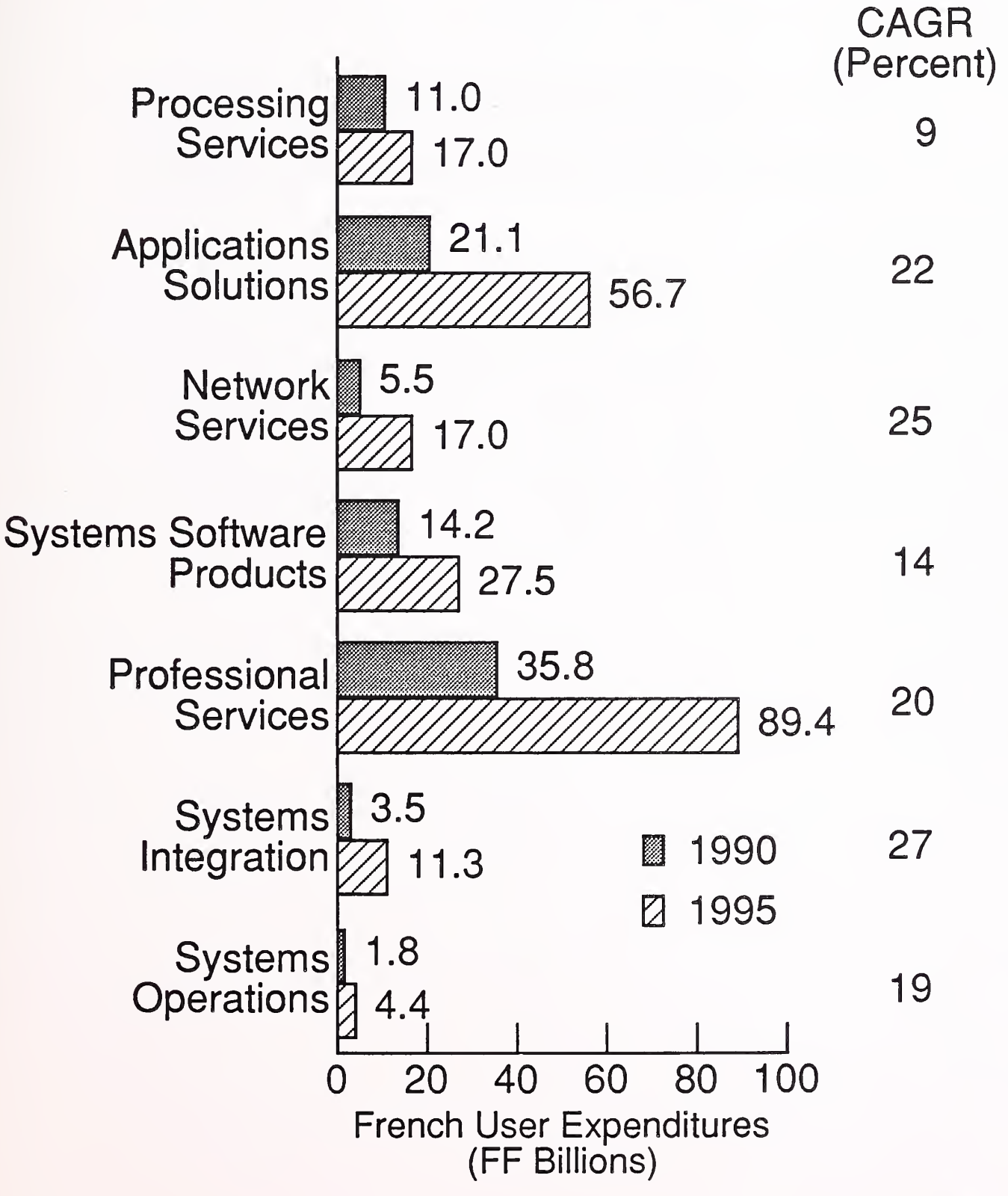
France

Computer Software and Services Markets by Delivery Mode, 1990-1995



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Leading Independent Vendors 1990 Software and Services

Rank	Vendor	Revenues (Est. $M)	Market Share (%)
1	CGS	1060	2
2	Reuters	1050	2
3	Andersen	700	1

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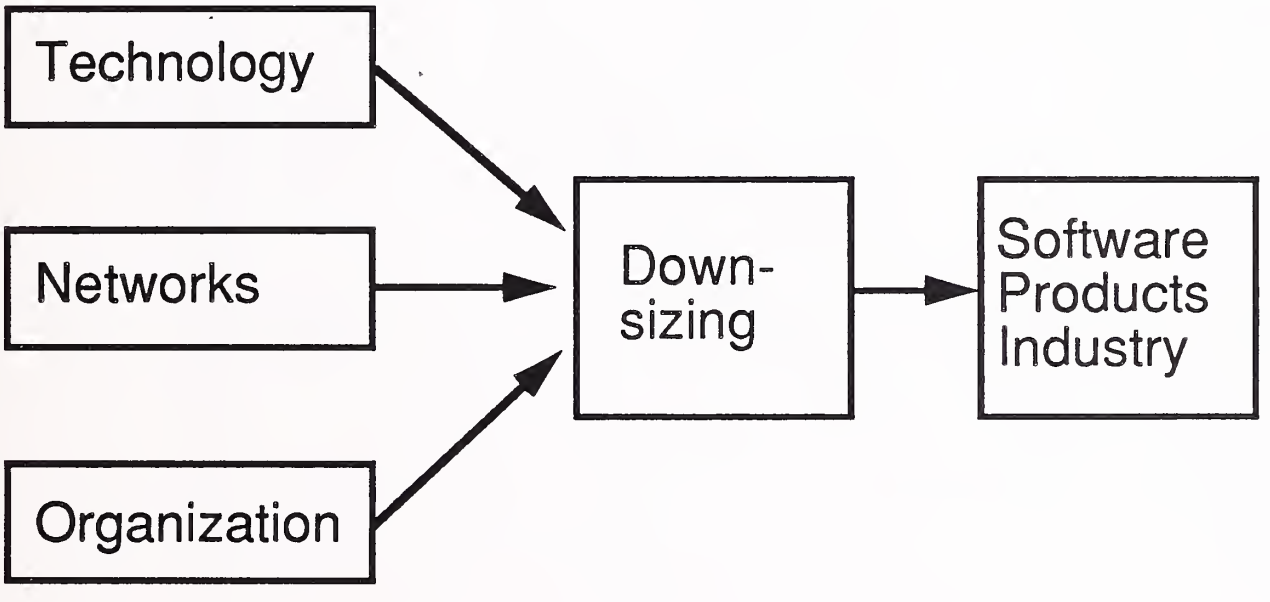
Downsizing Driving Forces



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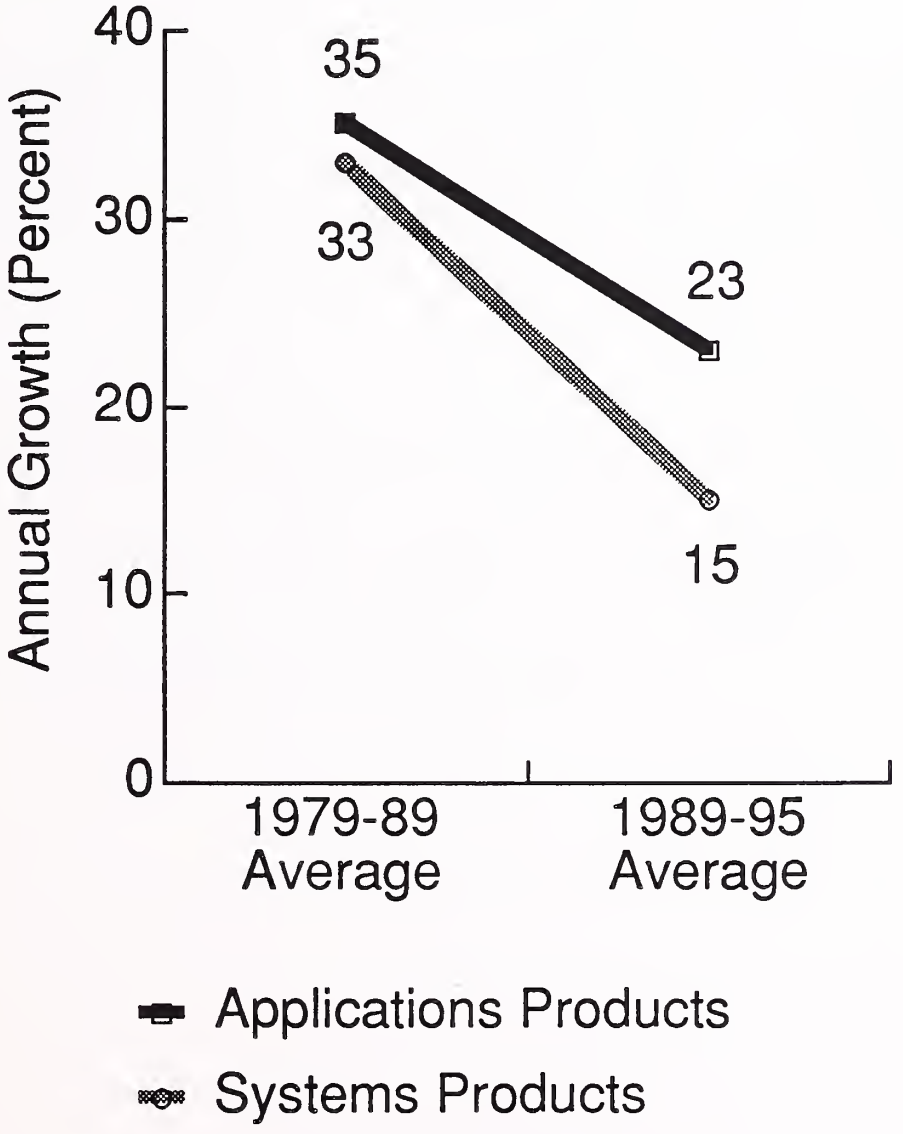
Systems Software Product Growth Declines In Western Europe



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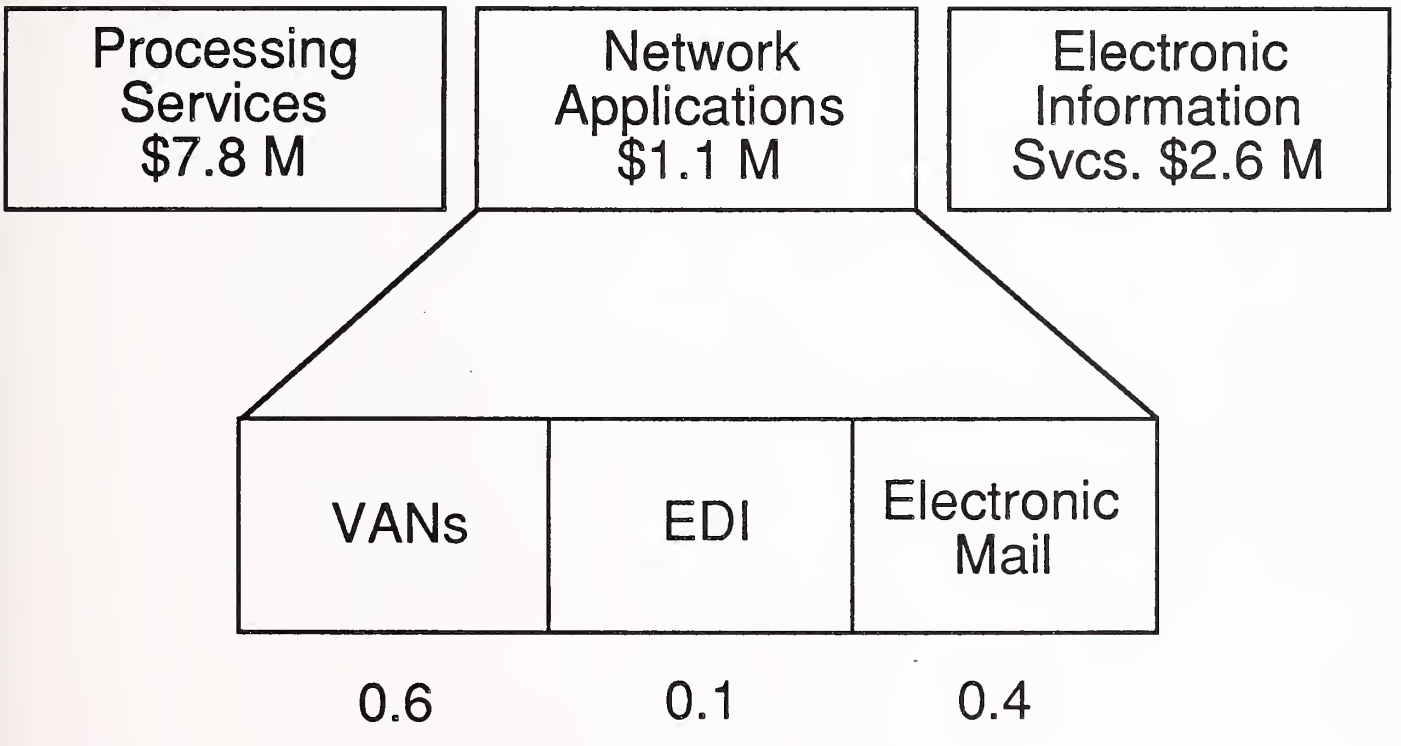
Market Sector Comparison, 1990



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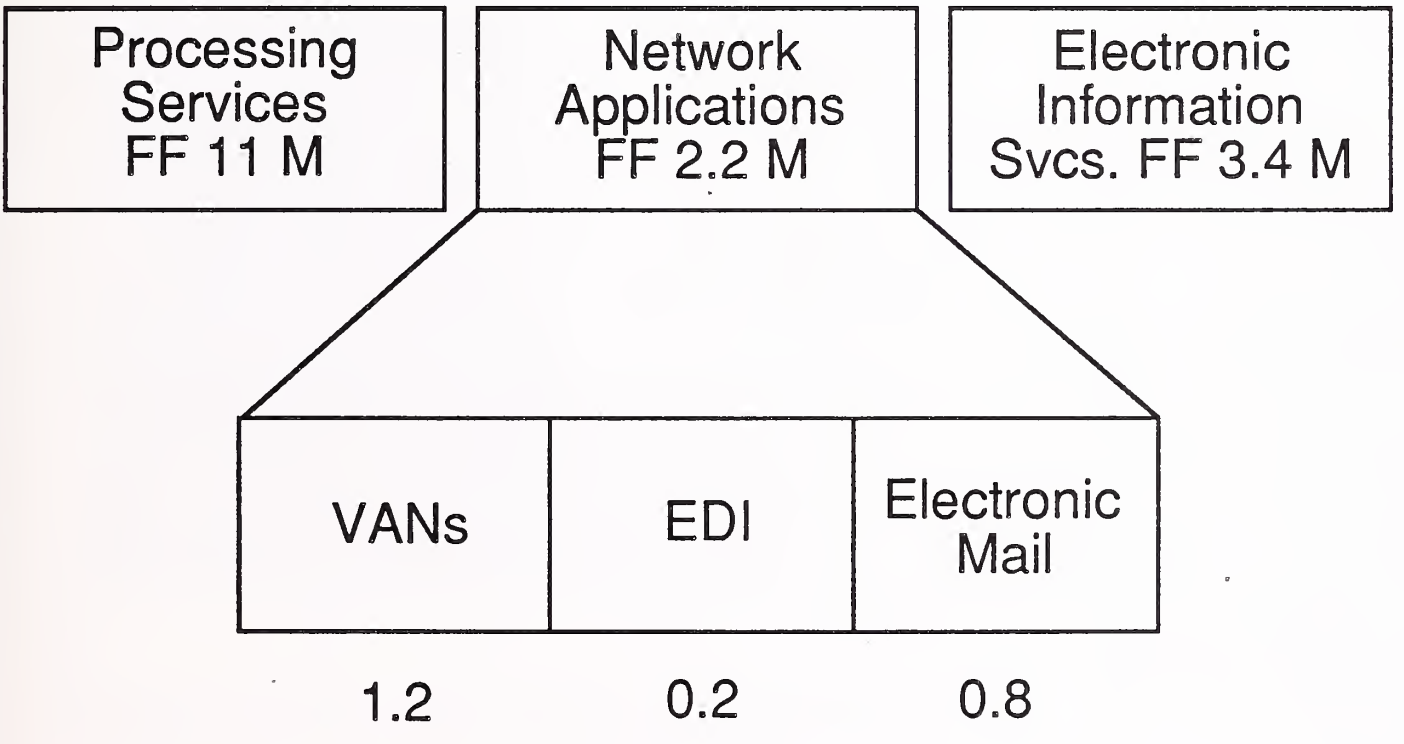
Market Sector Comparison, 1990



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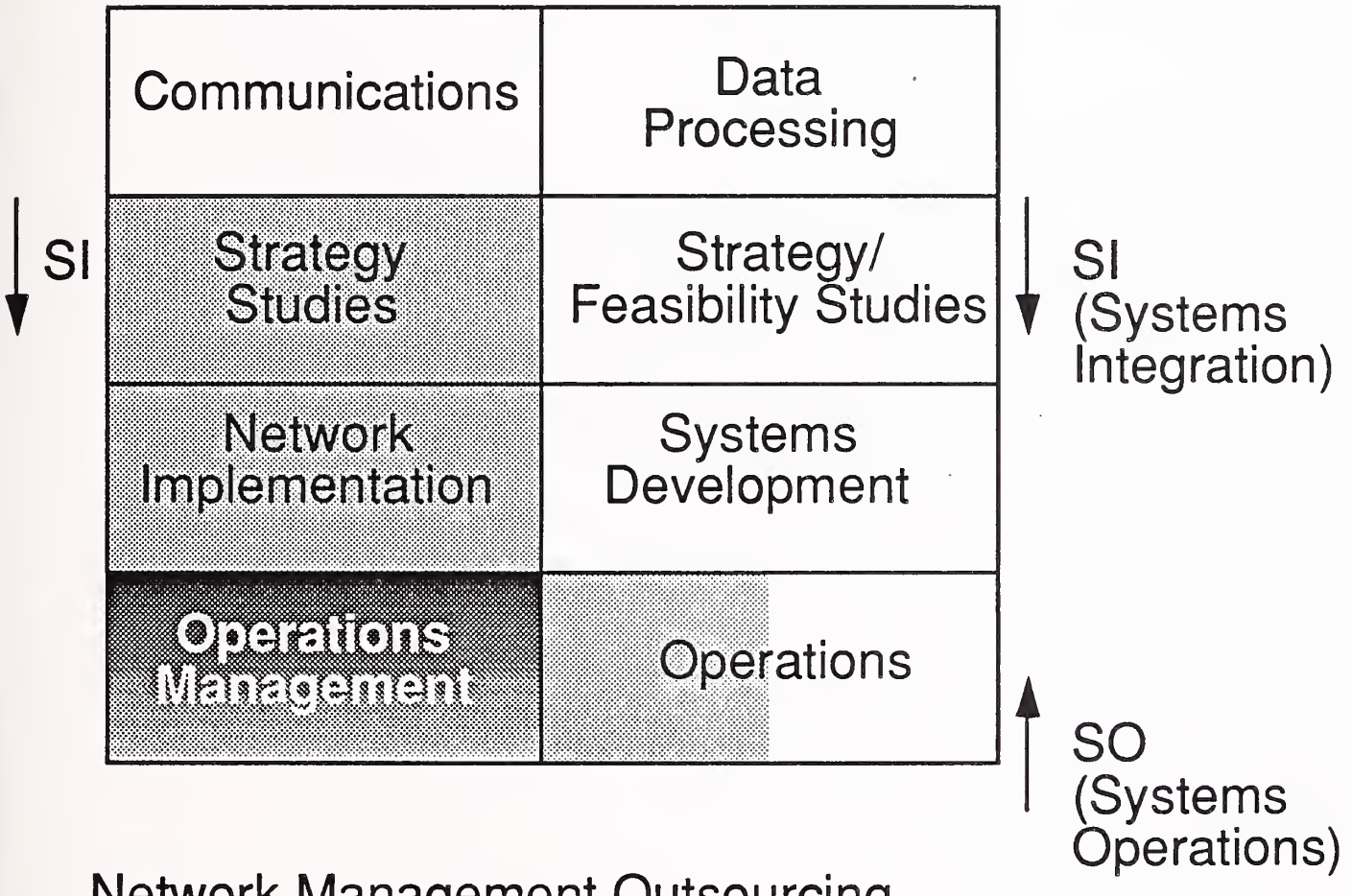
Network Management in Context



Network Management Outsourcing

- Strong potential
- Weaker potential

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Outsourcing is the contracting of information systems (IS) functions to external vendors.

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Evolution of Outsourcing

Type of Product or Service	1970s		1990s
Applications Software	Applications Packages	→	Applications Management
Professional Services	Consulting Contract Prog	→	Systems Integration
Processing Services	Specific Proc Serv	→	Systems Operations

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Management and IT Consultancy Congruence

- Andersen Consulting
- Meritus
- CGS/United Research
- CGS/Index Group

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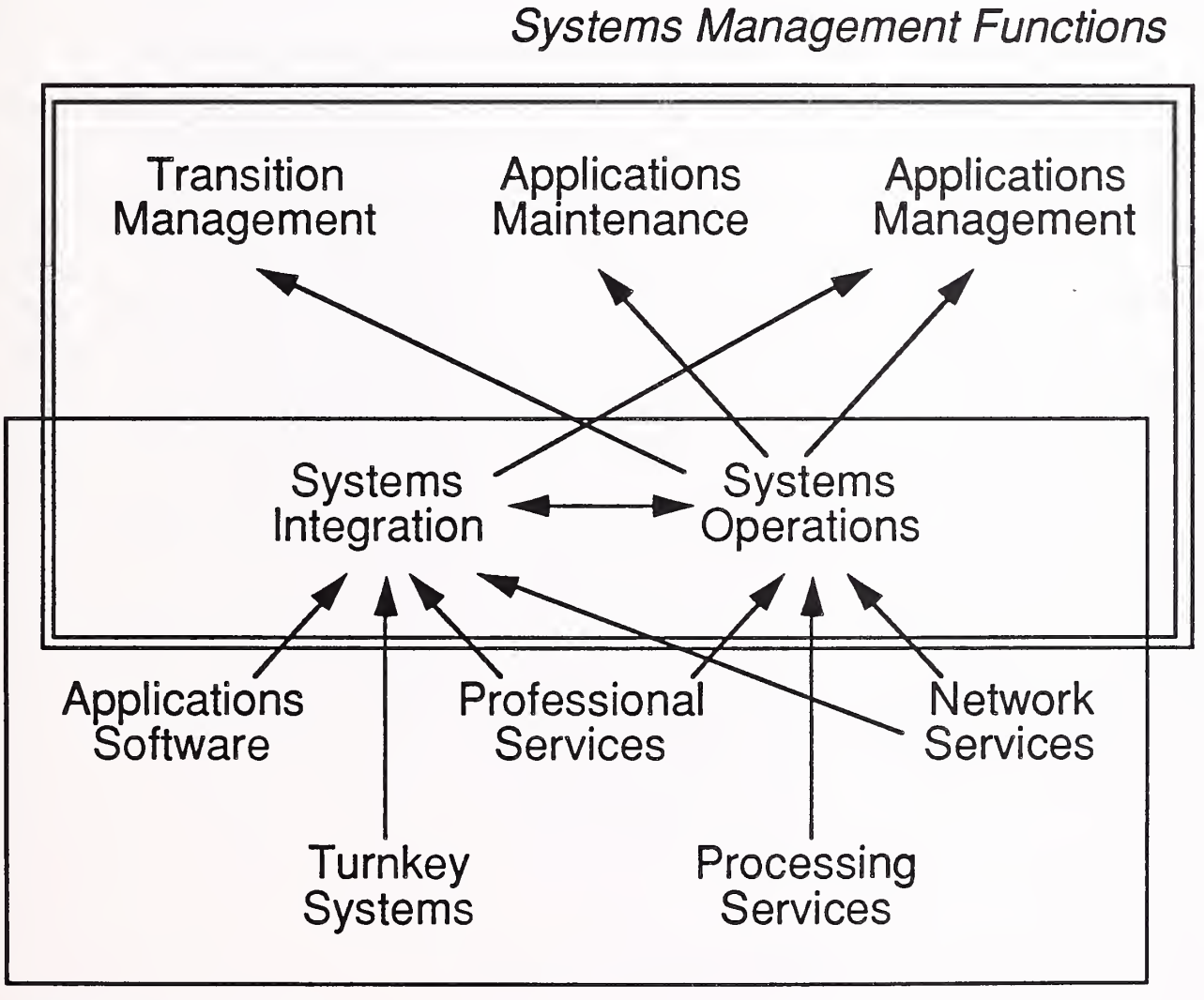
Outsourcing
Developing Market Opportunities



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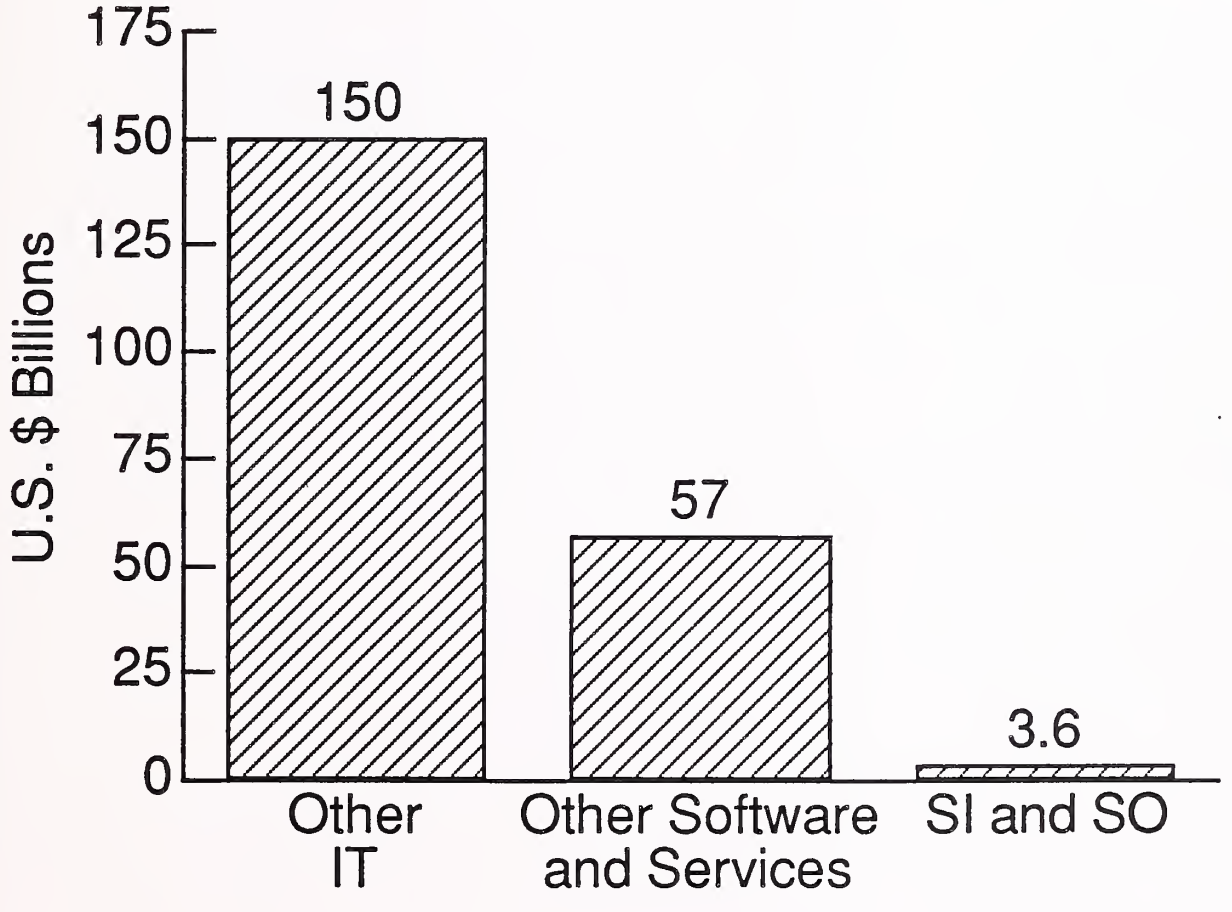
Total IT Expenditure
Western Europe, 1990



Total = $216 Billion

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Challenges Offert par l'Intégration de Systèmes

John Willmott
Consultant

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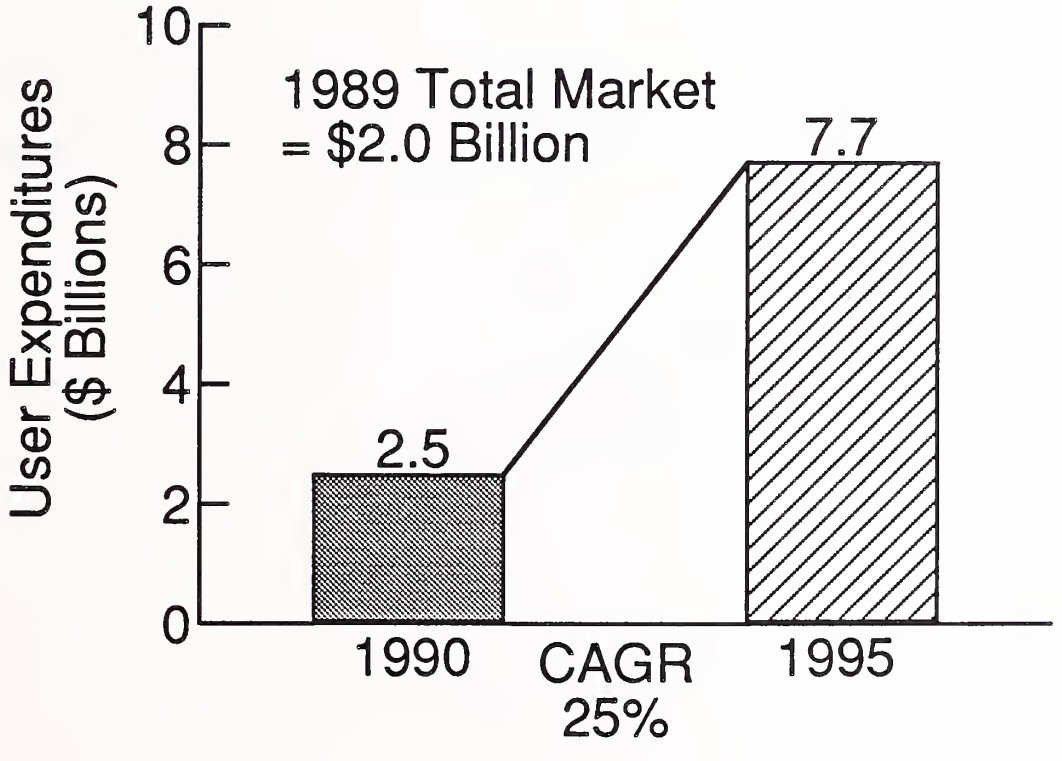
Western European Systems Integration Market 1990-1995



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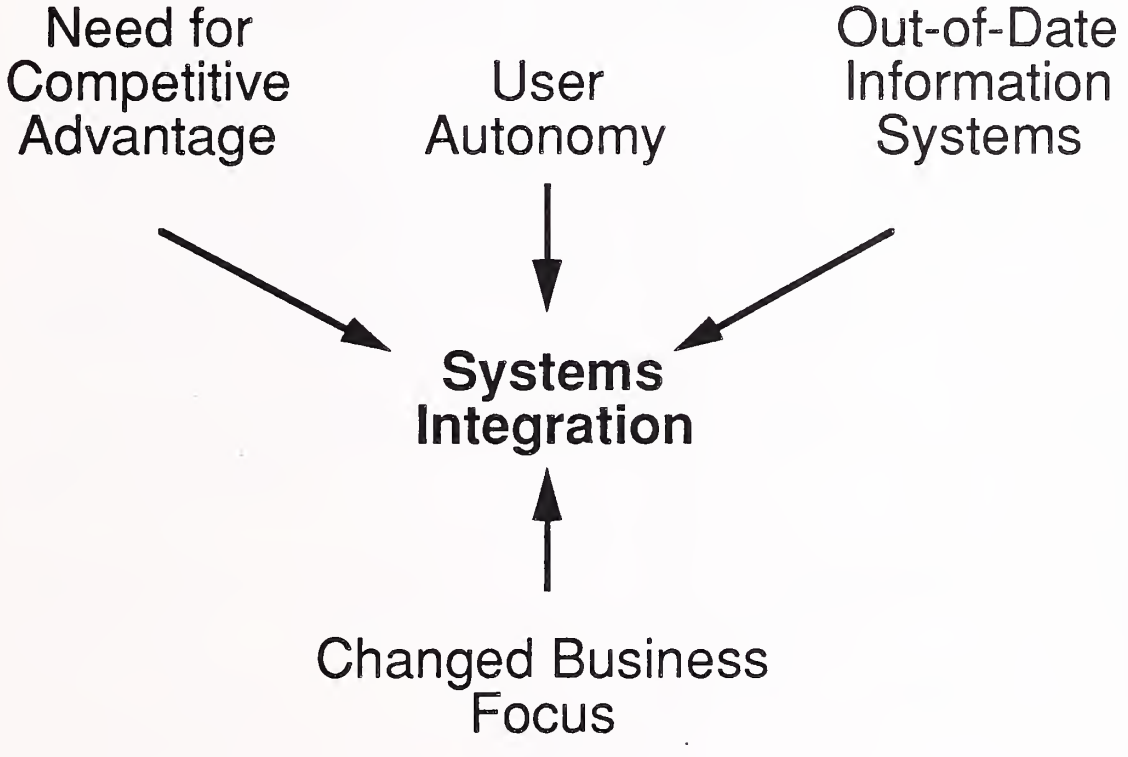
Systems Integration, Western Europe Driving Forces



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Systems Integration, Western Europe
Key Driving Forces:
Vendor Perception

Factor	Level of Importance
Lack of in-house technical capability	Very High
Lack of in-house IS resources	High
Migration to open systems	Medium-High
Need to link heterogeneous equipment	Medium-High

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Systems Integration, Western Europe
Key Players in Buying Process

Player \ Vendor type	Equip. Vendors	Prof. Serv. Vendors	Mgmt. Consult.
Client board-level personnel	High	Medium	Very High
Head of information systems	High	Very High	Medium
Client middle management	Low	High	Medium

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Systems Integration, Western Europe Vendor Targeting

- Major organizations
- Industries undergoing radical change
- Companies with highly distributed operations

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Systems Integration, Western Europe Strengths and Weaknesses of Management Consultancies

Strengths	Weaknesses
High-calibre personnel	Expensive
Credibility with user top management	Sometimes overrun cost and timescales
Business consultancy skills	Looking for repeat business

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Systems Integration, Western Europe Strengths and Weaknesses of Major Equipment Vendors

Strengths	Weaknesses
Stability	Business consultancy skills
High-calibre personnel	Lack of proven track record
Account management	Lack of independence
	Lack of development expertise/resources

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Systems Integration, Western Europe Strengths and Weaknesses of Professional Services Vendors

Strengths	Weaknesses
Relationship with IS management	Business consultancy skills
Project management skills	Perceived technical orientation
Implementation/ technical skills	Lack of access to user top management

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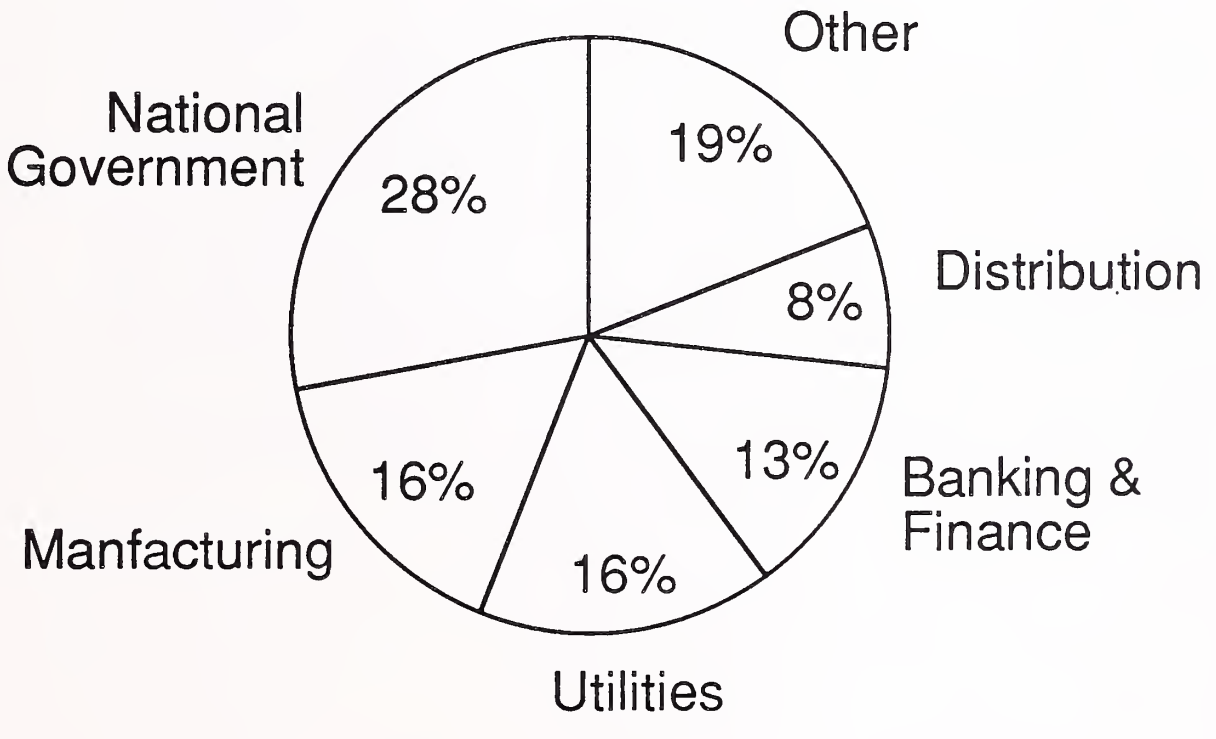
Industry Market Opportunities
Systems Integration, Western Europe



1990 Total Market = $2.5 Billion

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Importance in Buying Process Computer-Integrated Manufacturing, Western Europe

User Personnel	Degree of Importance
Top management	High
Manufacturing management	Medium-High
IS management	Medium-High

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Importance in Lead Generation Computer-Integrated Manufacturing, Western Europe

Means of Lead Generation / Vendor type	Equip. Vendors	Prof. Serv. Vendors
Account Managers	High	Medium
New Business Sales Force	Medium	High
Collaboration Partners	Medium	High
External Consultants	Low	Medium

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Vendor Issues: Alliances

- IBM and Coopers & Lybrand
- IBM Approved Industrial Systems Integrators
- Cincom "CIM Alliance" Programme
- ASK and EDS

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Vendor Challenges Systems Integration, Western Europe

- Access to key decision makers
- Integration architecture
- Building key partnerships
- Open systems and product branding
- Profitability

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Nouvelles Opportunités autour de la Maintenance des Logiciels Internes

Roger Fulton
Consultant

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Operational Software Support (Software Maintenance)

- Support and maintenance of in-house developed software
  - Two-thirds of all software activity
  - Today the smallest outsourced sector
- Largest services opportunity of the 1990s
- Centred on management issues

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Categories of Software by Source

- Class A In-house developed
- Class B Custom/contracted
- Class C Application products
- Class D System products

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Software Maintenance Definitions

- Product vendor
  - Fixing faults in software product
- Services vendor
  - Keeping each client happy
- IS management
  - Everything done after software goes live

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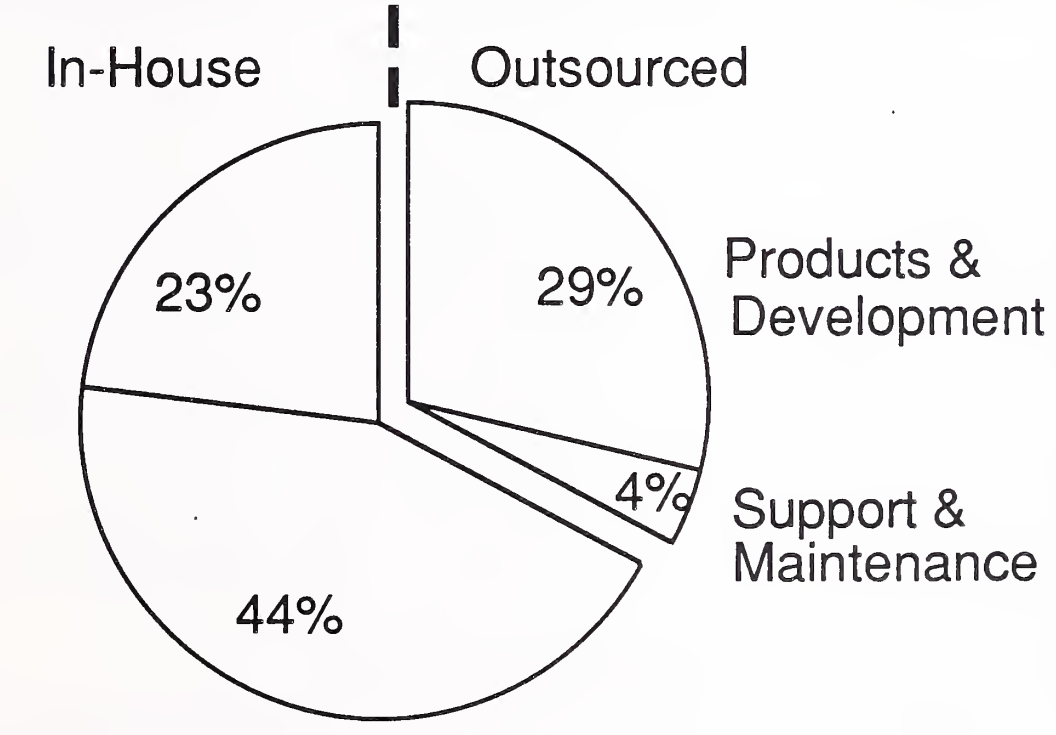
European User Software Budgets



1990 Total: $90 Billion

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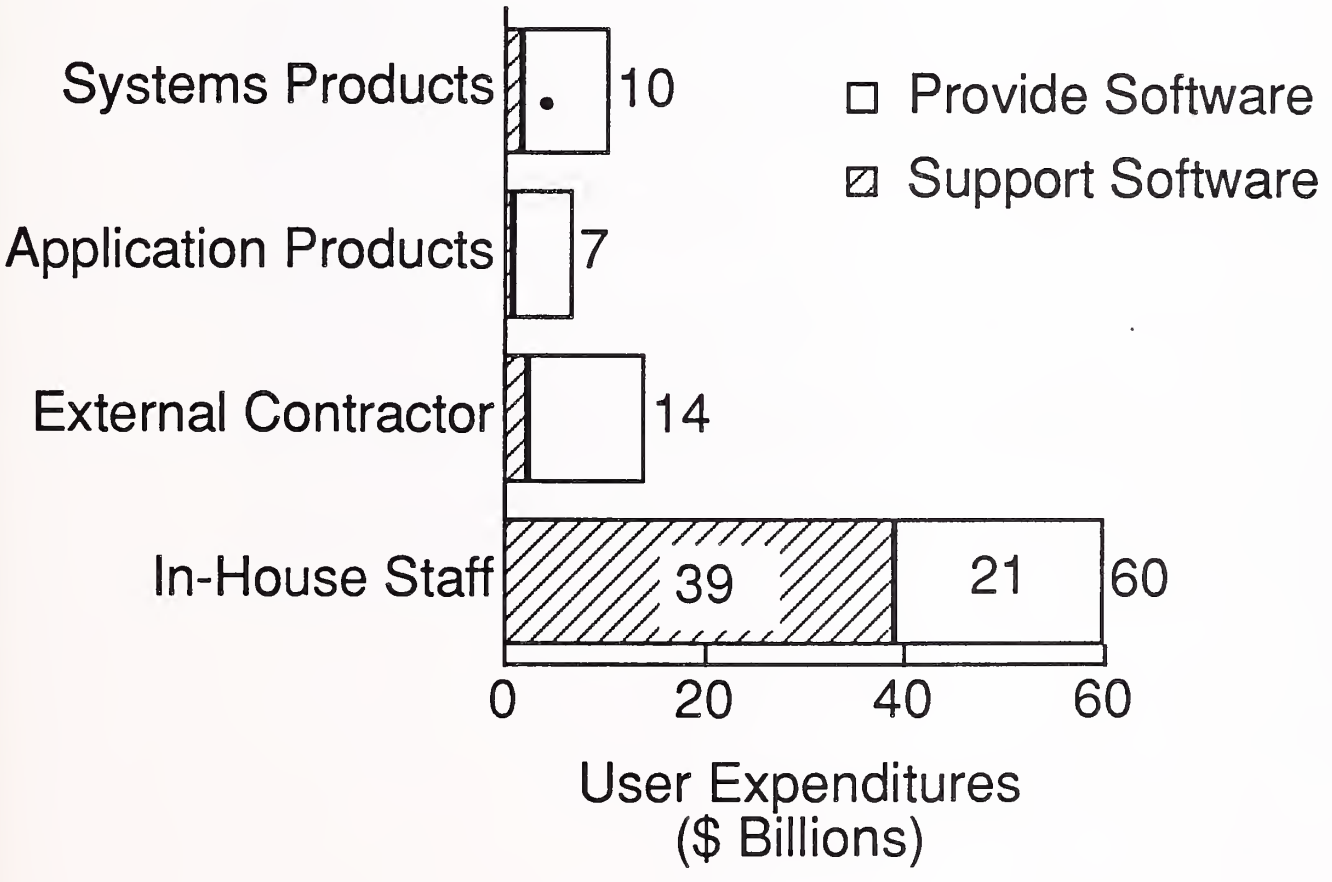
European User Software Budgets



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User Case Study
Government Sector

Problem—Operational software support

- Improve user service/lower costs

Solution—Outsourcing

Benefits

- >50% cost savings on staff ~$70 p.a.
- 8 full-time staff replaced by 4 part-time
- System life extended 5 years

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User Case Study
Telecommunications Sector

Problem—Operational software support

- Free up staff and improve user service

Solution—Outsourcing

- Mix of in-house and third-party staffing

Benefits

- 19 staff released for new projects
- Call-outs reduced ten-fold
- Working practices adopted by client

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Operational Software Support Outsourcing Benefits

- Contracted quality of service for users
  - Better performance and reliability
  - Running costs known, and decreasing
- In-house staff released for new projects
- IS operational efficiency improved
  - Proven management techniques

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Operational Software Support Service Vendor Opportunities

- Support and maintenance contract
  - User service levels
  - Hand-over staffing and timing
  - Emergency services
  - Software maintenance/enhancement
  - Procedures/methods enhancement
  - Management control and reporting

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Operational Software Support Product Vendor Opportunities

- Management tools:
  - User service levels
  - IS resources
  - Software
- Software engineering tools:
  - CASE tools, whole life cycle
  - Reverse, re-engineering, conversion

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Conclusions

- Operational software support services
  - Untapped market opportunity
  - Total user spend ~$44B
  - Less than 1% is outsourced
- Primary need is IS management skills rather than software engineering tools
- Natural fit in the systems operations market
- Strong vendor marketing is needed

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A propos d' INPUT

INPUT, société Internationale, leader dans l'analyse des Marchés des Services liés aux Technologies de l'Information, délivre des études marketing et du conseil à l'ensemble des prestataires impliqués sur ces marchés.

Depuis sa création en 1974, INPUT analyse en permanence les différents segments du marché—prestations intellectuelles et de traitement, logiciels système et applicatifs, systèmes clé en main, services de réseau, services client, intégration de systèmes, FM—et leur pénétration par secteur vertical (banque, assurance, industrie, distribution).

Les interventions d'INPUT peuvent satisfaire des besoins d'informations opérationnels, tactiques et stratégiques (analyse de concurrence, attentes d'utilisateurs, potentiel de marché, recherche de partenaire...).

Les ressources d'INPUT sont accessibles sous forme de souscription à des programmes annuels, d'acquisition d'études multi-clients, de recherches spécifiques et confidentielles, de participation aux conférences spécialisées, d'abonnement à des newsletters.

La société compte plus de 100 personnes dans le monde dont une cinquantaine de consultants, experts sur les Marchés des Logiciels et Services.

INPUT bénéficie de références de clients notoires et parmi les plus importantes sociétés mondiales dont elle accompagne depuis de nombreuses années la croissance.

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